Newmont Mining Corporation

50TH ANNIVERSARY

ANNUAL REPORT 1971

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Annual Report 1971

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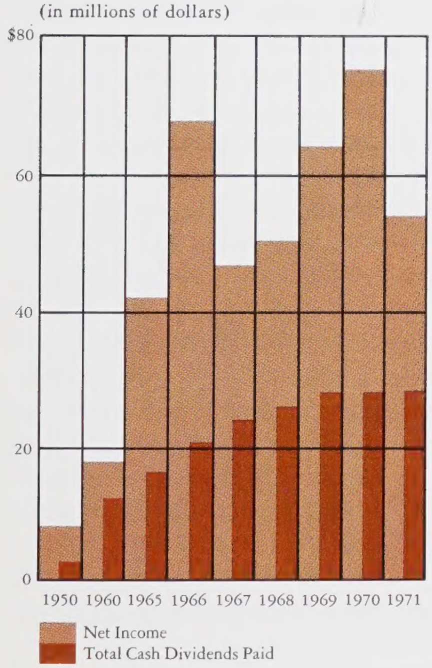
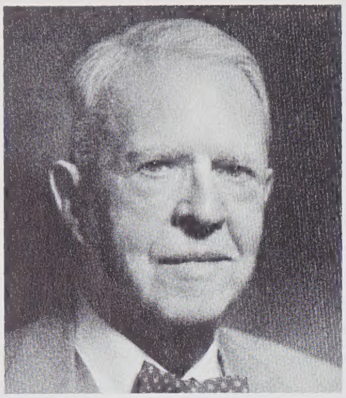
Comparative Financial Highlights

	1971	1970
Net Income	$ 54,520,000	$ 75,239,000
Per share of Common Stock (after provision for dividends on Preferred Stock)	$ 2.14	$ 3.00
Cash Dividends Paid:		
Preferred Stock	$ 3,202,000	$ 3,234,000
Common Stock	$ 25,016,000	$ 24,953,000
Per share	$ 1.04	$ 1.04
Common Stock outstanding at year-end	24,110,005	24,002,930
Net Current Assets	$ 79,289,000	$ 65,412,000
Expenditures for property, plant and mine development costs	$129,056,000	$135,275,000
Expenditures for exploration, research, engineering and drilling	$ 11,600,000	$ 11,185,000

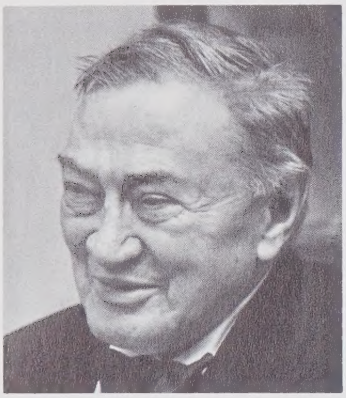
Net Income and Total Cash Dividends Paid
(in millions of dollars)



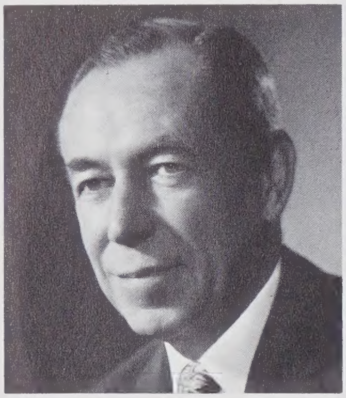
Colonel William Boyce Thompson
Chairman 1921-1930



Charles F. Ayer
President 1923-1946
Chairman 1946-1954



Fred Searls, Jr.
President 1946-1954
Chairman 1954-1966



Plato Malozemoff
President 1954-Present
Chairman 1966-Present

Newmont Corporation (the word "Mining" was added in June, 1925) was incorporated on May 2, 1921, by Colonel William Boyce Thompson as a family-owned vehicle for managing his mining and oil investments. In February, 1925, however, he offered to the public at $40 per share, 130,000 of the 430,000 common shares of Newmont then outstanding.

If one had purchased 100 of the offered shares for $4,000, and neither bought nor sold thereafter, he would now own 4,330 shares of Newmont, obtained through stock dividends and splits. These shares had a market value as of the end of February, 1972, of about $140,000 and would yield $4,503.20 per year in dividends. Newmont Mining Corporation has achieved this growth by financing and development of mineral and petroleum properties, together with an active exploration effort.

Newmont's history may be divided into four phases: the initial phase, ending in about 1933; the gold mining phase, ending about 1939; the African phase following World War II, which merged gradually into the recent growth phase that began in the early 1950's and continues to the present.

Although Newmont conducted active exploration during the initial phase, no properties were brought into production. Newmont's net income in the 1920's consisted of dividends from the portfolio of mining and oil stocks brought to the Company by Colonel Thompson and of capital gains resulting from active trading in these securities. For example, in 1929, Newmont received $2,000,000 in dividends, but realized a profit of $10,200,000 in capital gains. Newmont's net profit for 1929 was $11,800,000 or $23.35 per share on the 529,646 shares then outstanding. However, active market trading by Newmont ended not long after the stock market crash in 1929 and has never been resumed on the same scale. Newmont's portfolio of mining and oil industry stocks was retained and built up in value to form a liquid income-producing fund to be drawn upon to help finance new ventures.

Newmont ran at a loss in 1931 and 1932, but by 1933 dividends from the then 51 per cent-owned Empire Star Mines Company, Limited, a California gold producer organized by Newmont in 1929, had aided a return to profitability. In February, 1934, the United States Government raised the price of gold from $20.67 per ounce to $35.00 per ounce, an event that ushered in the second or "gold" phase in Newmont's history.

A vigorous search for gold mines in the United States and Canada brought Newmont interests in such mines as the Browns Valley, Murchie and Zeibright in California; the Getchell in Nevada; Island Mountain, Berens River and Northern Empire, among others, in Canada. During the depression years the income from these properties sustained Newmont, and the Company's net income rose from $155,000 in 1933 to $2,020,000 in 1936. Thereafter rising costs cut into the profits of gold mining, and, by 1939, Newmont was collecting more in dividends from its investments in copper mining companies such as Hudson Bay, Rhodesian Anglo-American, Phelps Dodge, Kennecott, and Magma, than it was from those mining gold. Capital gains were relatively small during this period, but the portfolio did serve its designed purpose by providing funds for new projects through the selective sale of certain stocks. During World War II, the Company's earnings were flat at around $1,600,000 annually.

O'okiep, entering production in South Africa in 1940, and Tsumeb, begun in 1947 in South West Africa, were the truly outstanding contributors to Newmont's third or "African" phase. Tsumeb and O'okiep have paid out to their shareholders a total of about $530,698,000 in dividends through 1971. Newmont's share of about $215,762,000 has enabled the Company to consider projects much larger in scale than was previously possible.

Also begun in the immediate postwar period, the San Manuel development of Magma Copper Company has eventually become of even greater importance to Newmont than the two African properties. Magma acquired, drilled, financed, equipped and operated the San Manuel property in

Arizona quite independently of Newmont, having obtained on its own, in 1952, a $94,000,000 Reconstruction Finance Corporation loan for this purpose.

The fourth phase of Newmont's history, in which Magma now plays so large a part, dates approximately from 1951, when Newmont invested in, and helped to finance, the nickel mine and refinery project of Sherritt Gordon Mines Limited in Canada. Also, at this time, Newmont made successful investments in several natural gas transmission companies.

Growth in dividend income from Africa and rapid appreciation of other investments has since led to new projects of increasing size and importance. In the late 1950's and 1960's, there were Southern Peru, Palabora, Carlin, Granduc, Dawn, Atlantic Cement, and, most recently, Similkameen.

The grand total of capital investment in these projects is about $696,000,000, of which Newmont, itself, supplied about $164,600,000. In addition, Newmont invested another $33,000,000 in acquiring holdings in Cassiar Asbestos Corporation Limited, Foote Mineral Company, and Highveld Steel and Vanadium Corporation Limited.

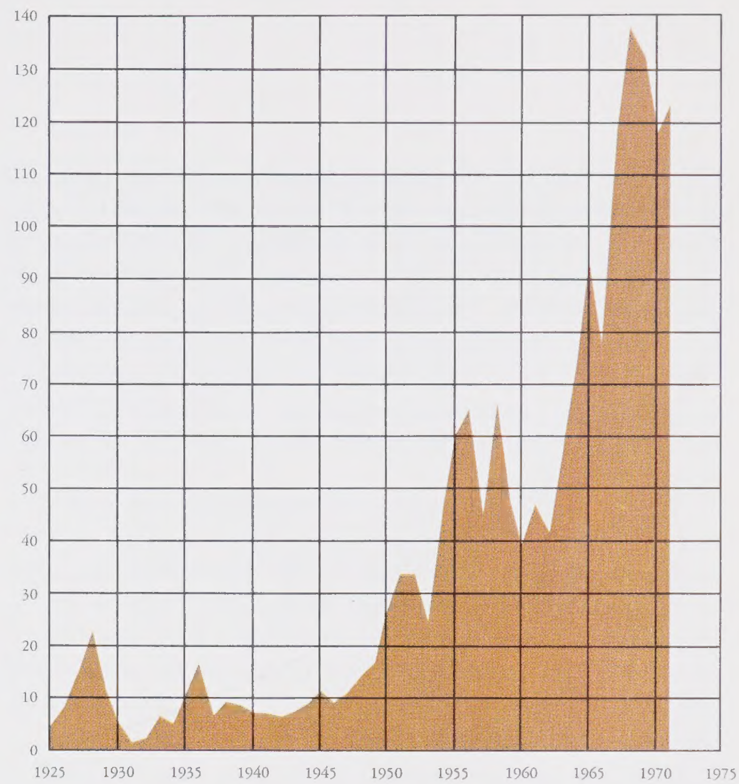
Newmont financed all these investments without itself borrowing the required funds, using mainly its dividend income and the proceeds of sales of securities.

However, in the early 1960's, Newmont's Board of Directors decided that the Company was becoming too dependent on foreign income and should therefore increase the proportion of its income derived from North American sources. The most readily available such source was Magma Copper Company, in which Newmont then had a 21.5 per cent interest. Through an exchange of a new issue of Newmont preferred stock for Magma common, Newmont increased its ownership of Magma to 80.6 per cent in early 1962. Later that year, the Magma RFC loan was replaced with a loan from The Prudential Insurance Company of America, which allowed Magma to resume paying dividends.

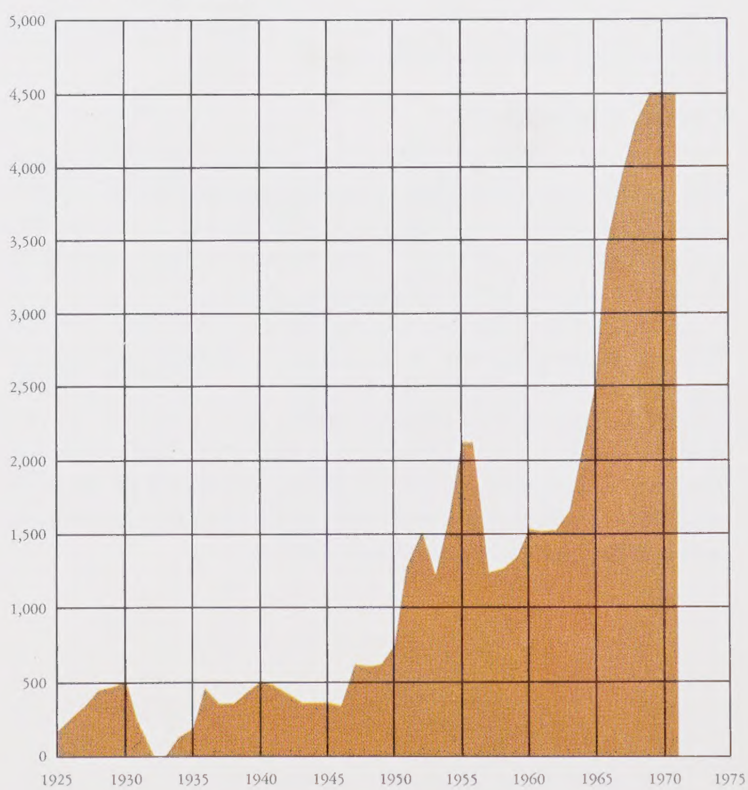
In 1968, Magma doubled its ore reserves through a purchase by Newmont and Magma of the nearby Kalamazoo orebody for the equivalent of about $27,000,000. To facilitate financing the 50 per cent expansion that then became possible, Newmont in 1969 acquired all the remaining Magma shares and reincorporated Magma as a wholly-owned subsidiary of Newmont. As a result of this and other actions, Newmont has seen in the last decade the proportion of its income derived from North American sources increase from less than half to over 78 per cent for the year 1971.

Newmont in 1925 had a net income of $2,141,344, a book value of assets of $22,127,000, and the stock market value of its common stock was $18,490,000. As of December 31, 1971, Newmont reported a net income of $54,520,000, its book value was $444,000,000, and at its maximum in 1971, the stock market value of its common shares was $942,350,000, a growth far beyond even the most ambitious plans Colonel Thompson may have envisioned in May, 1921.

Market Value of an Original 100 Newmont Shares
1925-1971 Year-end (in thousands of dollars)



Dividends per Year on an Original 100 Newmont Shares
1925-1971 (in dollars)



To the Stockholders

Newmont Mining Corporation's net income for 1971 was $54,520,000 compared with $75,239,000 in 1970. After provision for preferred stock dividends, this was equal to $2.14 per share of common stock as compared with $3.00 per share in 1970. Dividends were unchanged at $1.04 per share on the common stock and $4.50 per share on the preferred stock. Approximately 78 per cent of Newmont's net income in 1971 came from companies operating in the United States and Canada as compared with 68 per cent from these sources in 1970.

The 28 per cent decline in 1971 net income resulted principally from lower average metal prices received in 1971 as compared with 1970. The decline also reflects, however, the impact of a copper industry strike, which shut down the operations of Magma Copper Company for 25 days during July, 1971, and the disappointing results of the operations of the Granduc Operating Company in British Columbia, which sustained a loss during the year.

Offsetting to some extent the foregoing adverse influences were increased capital gains on sale of securities in 1971 amounting to about $13,000,000, an investment tax credit of $4,200,000, and a much improved performance of Atlantic Cement Company, Inc., (50% owned), which recorded a net income for 1971 of $7,541,000 inclusive of nonrecurring gains and extraordinary items.

Capital Expenditures

Newmont and its subsidiaries spent $129,000,000 on property, plant, equipment and mine development in 1971. The greater part of this expenditure was devoted to the expansion programs of Magma Copper Company and to the Similkameen copper project in British Columbia.

During 1971, Magma invested approximately $90,100,000 of the foregoing amount at Superior and San Manuel, including $18,000,000 spent on the 200,000-ton per year electrolytic copper refinery at San Manuel, which was completed in December, 1971, at a total cost of $31,000,000. The expansion program at San Manuel was completed by the end of the year, while the Superior mine and mill expansion is still in progress and is scheduled to be completed by 1974.

To assist in financing Newmont's commitments in these and other developing projects, previous loan arrangements with a group of New York banks were restructured in July, 1971, to provide up to $130,000,000 in term loans. As of the end of 1971, Newmont had borrowed $71,500,000 of this amount.

Pollution Control

Control of air pollution is a primary concern of your Company. Newmont has stated publicly that it is committed to eliminating undesirable emissions in the smelter smoke at San Manuel in Arizona to whatever degree is necessary to protect the health and welfare of the people of the State. The Federal Government, through the Environmental Protection Agency, has promulgated air quality standards for sulfur dioxide and other contaminants that, as stated by William D. Ruckelshaus, Administrator of EPA, provide a more than ample margin of safety to ensure against any ill effects to health and welfare. However, the State of Arizona, prior to issuance of the Federal standards, established much more stringent standards, including a fixed emission control requiring capture of 90 per cent of the sulfur now being emitted. To comply with these would place an onerous and, we believe, a quite unnecessary burden on the Company.

In 1971, Magma Copper Company joined nine other Arizona mining and smelting companies in submitting a petition to the Arizona Board of Health asking for a hearing at which there was to be presented the scientific and technological basis for control of emissions to meet the Federal air quality standards by means of economically acceptable procedures.

The Arizona Board of Health declined to hold the requested hearing, but did hold a public hearing on December 30, 1971, at which no serious discussion of the issues involved was possible because of the large number of those desiring to be heard and the consequent time limitation imposed on everyone. Later in January, the Board let the existing stringent Arizona standards stand while undertaking to study their reasonableness and the feasibility of attainment.

In accordance with the Arizona law, Magma Copper Company submitted in early 1971 a plan by which it was believed

the Arizona standards could be met. Detailed engineering studies made since then by an independent engineering firm have demonstrated that the capital investment required to implement the plan would be approximately $88,000,000, substantially more than had originally been estimated. Because of the severe and unwarranted burden this expenditure would place on Magma and on those independent mining companies who may be looking to Magma as a source of smelting capacity for their concentrates, the Company has been forced to consider alternative methods of compliance. (See p. 8.) By use of standard and developing technology, an acceptable plan has been adopted that will require a much lower capital expenditure.

In the meantime, your Company will continue its efforts to achieve recognition in the State of Arizona of the adequacy and desirability of adopting the Federal ambient air standards in place of the present unnecessarily stringent Arizona standards, which include a 90 per cent emission control. In New Mexico and Nevada, where large copper smelters are operating, part of the Federal ambient standards and a 60 per cent emission control have been enacted.

Personnel Changes

In May, 1971, Marcus D. Banghart retired as a member of the Newmont Board of Directors, on which he had served since December 31, 1955. Mr. Banghart joined the Newmont organization in 1934 and went to O'okiep in South Africa in 1940, where he served successively as Manager and Managing Director, returning to New York in January, 1954, to become Vice President in Charge of Operations for Newmont. His contributions during his long period of service have been of immense value to the Company. David O. Pearce, Newmont's Vice President in Charge of Operations since 1968, was elected a member of the Board in his place.

Roy C. Bonebrake, Executive Vice President since 1965, retired as of December 31, 1971. Mr. Bonebrake joined Newmont as legal counsel in 1939. He became a member of the Board in 1959 and has served as a Vice President since 1954, and as General Counsel of Newmont since 1959. His wise counsel and sound business judgment have greatly benefited the Company during all those years. Jack E. Thompson, Vice President, was elected Executive Vice President in his place. Richard B. Leather, Secretary of Newmont, succeeded Mr. Bonebrake as General Counsel of Newmont. Jacques L. Leroy assumed added responsibilities as International Legal Counsel of Newmont and was also elected a Director and Secretary of Tsumeb Corporation Limited and O'okiep Copper Company Limited.

J. O. Cumberland resigned as Financial Vice President in early March, 1972.

Edward P. Fontaine was elected Treasurer of Newmont in January, 1972, succeeding Gordon Bell, who was killed in a tragic automobile accident in March, 1971.

In December, 1971, Oscar F. Tangel was elected Vice President of Newmont for Research and Development. Thomas G. Watkinson was elected Assistant Secretary, and Walter E. Baker was elected Assistant Controller. In May, 1971, Winthrop T. Parker III was elected Assistant Treasurer of Newmont.

The Directors wish to thank the staff and all the employees of Newmont Mining Corporation and its subsidiaries for their diligent and effective service and their loyal response to the extra demands made on them during a difficult year.

For the Board of Directors

P. Malozemoff
President and Chairman of the Board

March 15, 1972

Subsidiaries or Managed Companies

Magma Copper Company's San Manuel, Arizona, mill, smelter and refinery area. Ore trains carrying 60,000 tons ore daily unload at lower right; crushed ore enters mill, center right; concentrates go to smelter, center left; blister copper is refined in new electrolytic refinery and rod plant beyond smelter.

Tankhouse of Magma's new refinery at San Manuel will produce 200,000 tons of pure copper annually. It is highly automated, completely modern, carefully quality-controlled.

Magma Copper Company (100% owned)
Arizona

	1971	1970
Copper produced, short tons	101,100	112,300
Copper sold, short tons . . .	102,100	108,100
Total sales	$113,033,000	$135,199,000
Net income	$ 23,704,000	$ 34,961,000
Dividends received by Newmont	None	None
Long-term debt less current installments	$ 77,412,000	$ 80,412,000

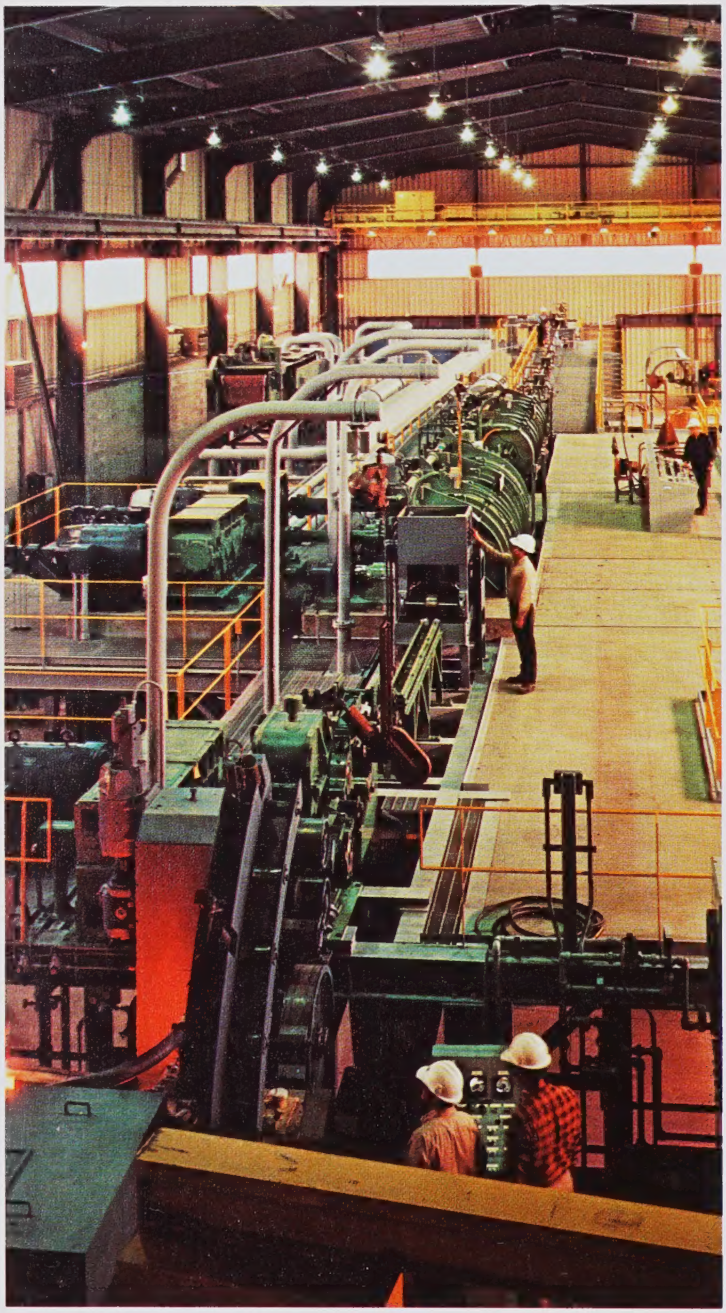
Operations of Magma Copper Company at San Manuel and Superior, Arizona, were struck for 25 days during July, 1971, in the labor dispute that affected the entire United States copper mining industry. The agreement that ended the strike at Magma provided for wage increases, a cost-of-living adjustment and other benefits which will increase wage costs approximately 31 per cent over the three-year life of the contract. The adverse effects of the work stoppage were felt well into the fourth quarter of 1971.

Lower copper prices, higher production costs, and the halt in production due to the strike were the principal reasons for the sharp decline in Magma's net income for 1971 as compared with 1970.

On December 1, 1971, Magma announced that it would quote its own price for electrolytic copper rather than use its former price formula based on quotations published by others.

The expansion program at San Manuel was completed late in 1971, and in February, 1972, the mine and mill operated at a rate of about 65,000 tons of ore per day. Interruptions caused by faulty new hoisting equipment had interfered with continuous production at a high rate until late in December. Some start-up problems with expanded facilities at the smelter caused irregular operation there as well.

Copper rod for wire mill customers is cast continuously in this machine at Magma's San Manuel refinery. Capacity is 30 tons per hour in coils of 5/16-in. rod, weighing up to 16,000 lb. each.



At Superior, the expansion to raise capacity to 3,300 tons of ore daily is behind schedule largely because of delays in sinking the new No. 9 shaft. The program is now scheduled for completion in 1974 at a higher than previously anticipated capital cost. The Superior smelter was permanently shut down at the time of the strike in July. Concentrates from the Superior mine are now smelted at San Manuel.

The new electrolytic refinery at San Manuel was completed in December, 1971, on schedule and within the budget estimate of $31,000,000. The new refinery has an annual capacity of 200,000 tons of refined copper, half as cathode plate and half as continuous cast rod. Most of the refinery's production of rod is already sold under long-term contracts.

Since early in 1971, detailed engineering studies have been made on the cost of installing the flash smelting furnaces, acid plant, and other facilities, that were proposed in the plan for compliance with the Arizona State air quality standards. These studies showed the actual cost of carrying out this plan to be about $38,000,000 higher than the originally estimated cost of about $50,000,000, and it became necessary to consider other alternatives. Following a hearing on February 25, 1972, Magma was granted a conditional operating permit for one year based on a new two-stage compliance plan. Construction is to commence in 1972 on the first stage, a sulfuric acid plant to treat converter gases. The second, and later, stage will include to the extent required a limestone scrubbing process, still under development, to treat reverberatory furnace gases.

In 1971 Newmont, on behalf of Magma, joined with other primary copper smelting companies to form the Smelter Control Research Association, a non-profit organization devoted to research and pilot plant work to develop improved methods of removing sulfur dioxide from smelter stack emissions. SCRA now operates a pilot plant at the McGill, Nevada smelter of Kennecott Copper Corporation to study the use of wet limestone and other alkaline reagents to remove sulfur dioxide from reverberatory furnace gas. Data from this pilot plant work will be used by Magma in the design of the stack gas scrubbing plant envisioned for the second stage of Magma's compliance plan.

O'okiep Copper Company Limited (57.5% owned)
Republic of South Africa

	1971	1970
Ore mined and milled, short tons	3,325,200	3,214,500
Grade of ore, per cent copper	1.25	1.37
Copper produced, short tons	38,000	39,500
Copper sold, short tons	37,200	38,100
Total sales	$34,658,000	$45,930,000
Net income	$ 5,434,000	$15,291,000
Dividends received by Newmont	$ 3,701,000	$ 8,984,000

Production of blister copper at O'okiep in 1971 was somewhat less than that of 1970. A declining grade of ore during the year was partly offset by an increase in tonnage of ore mined. However, sales of copper were lower than in 1970, and copper prices on the London Metal Exchange averaged $0.475 in 1971 as compared with $0.60 in 1970. These factors, coupled with rising costs, resulted in a sharp decline in O'okiep's net income for the year and in greatly reduced dividend payments.

Exploration developed some additional ore reserves at the various O'okiep mines, but no significant new outside reserves were located. O'okiep's ore reserves at the year-end were 27,615,000 tons averaging 1.55 per cent copper as compared with 30,294,000 tons averaging 1.54 per cent copper at the end of 1970.

In late 1971, agreement was reached between O'okiep and Prieska Copper Mines (Proprietary) Limited, a South African mining company, under which O'okiep will smelt in its existing facility a portion of the copper concentrates to be produced by Prieska from a mining property now under development. Initial shipments of concentrates should be received during the first quarter of 1973.

Tsumeb Corporation Limited (29.2% owned)
South West Africa

	1971	1970
Metals sold, short tons		
Lead	74,300	69,300
Copper	24,900	33,100
Zinc (in concentrates)	8,200	7,800
Total sales	$47,735,000	$70,840,000
Net income	$ 9,933,000	$25,901,000
Dividends received by Newmont	$ 4,090,000	$ 8,123,000

Lower metal prices combined with a drop in copper metal sales to reduce Tsumeb's net income for 1971.

During 1971, Tsumeb mined a total of 576,000 tons of ore at the Tsumeb mine, of which 566,000 tons was milled at an average assay of 2.44 per cent copper, 12.22 per cent lead, and 3.91 per cent zinc. The remainder of the ore mined was smelted directly. The tonnage mined was lower than in 1970, but the grades of ore are comparable to those of last year.

At the Kombat mine, 423,000 tons of ore assaying 1.76 per cent copper and 1.90 per cent lead was mined and milled. The lead grade was higher, but the copper grade was lower than last year's 2.24 per cent. The Matchless mine near Windhoek, 225 miles south of Tsumeb, produced 99,900 tons of ore in 1971 assaying 0.99 per cent copper and 18.60 per cent sulfur. In January, 1972, it was decided to shut down the Matchless mine because, at current prices, operations were not profitable. Limited development work will be continued during the shutdown.

Tsumeb's copper and lead smelters produced 66,800 tons of refined lead and 27,400 tons of blister copper, both lower than 1970's production.

Ore reserves at the Tsumeb mine as of June 30, 1971, were estimated at 6,559,000 tons assaying 4.52 per cent copper, 9.37 per cent lead, and 2.40 per cent zinc, a decrease of 531,000 tons from 1970. Ore reserves at the Kombat mine as of June 30, 1971, were estimated at 1,918,000 tons assaying

1.88 per cent copper, 2.70 per cent lead, a decline of 292,000 tons. Ore reserves at the Matchless mine as of June 30, 1971, were 440,000 tons lower than in 1970, at 2,189,000 tons averaging 1.81 per cent copper and 13.02 per cent sulfur, most of it in the form of pyrite.

Following strikes at Windhoek and Walvis Bay on December 17, 1971, there occurred at Tsumeb and other places in South West Africa a strike of the Ovambo workers in protest against the South African government-approved contract system under which they were employed. There was no dispute with Tsumeb over wages or other working conditions. Although advised by Tsumeb management that they could continue working, or could remain at Tsumeb and be supplied with food and lodgings without working, some 3,400 of the 3,700 Ovambos from Tsumeb chose to return to their homes in Ovamboland. The Ovambo workers who chose not to strike remained at Tsumeb and helped operate the Tsumeb mine and copper smelter at about one-third capacity. The lead smelter was shut down. At Matchless, no strike occurred, and at Kombat about one third of the workers remained on the job. Meetings were held among government representatives and members of managements of South West African companies in an effort to work out new employment terms. On January 20, 1972, Mr. M. C. Botha, the Minister of Bantu Administration and Development for the Republic of South Africa, announced the signing of a new agreement between the South African government and the Ovambo and Kavango councils abolishing the former contract system and establishing more liberal terms of employment.

Under the new system, Tsumeb reaches agreement with prospective employees directly rather than through an agency. Employment is for fixed periods of up to twelve months by mutual consent, and each agreement expressly provides for cancellation by the employee without penalty. An employee may also change employers without necessarily returning home between jobs. As in the past, the agreements specify provision of living quarters, food, and medical care without charge. The new agreements specify the minimum wage and also the wages that can be earned in the various job categories, grant paid leave of one week for each six months' service completed, and provide right of unpaid leave. Effective February 21, 1972, the minimum wage was increased by 23 per cent along with graduated increases for more highly skilled categories.

By mid-March, the work force had reached pre-strike levels and mine production was at about 80 per cent of capacity. Because most of the workers are new and must be trained, it may take some time before Tsumeb's normal rate of operations can be restored.

Carlin Gold Mining Company (100% owned)
Nevada

	1971	1970
Ore and waste mined, tons	6,470,000	6,280,000
Ore milled, tons	821,000	856,000
Grade of ore milled, ounces of gold per ton	0.287	0.264
Gold production, troy ounces	199,000	201,000
Total sales	$8,311,000	$7,361,000
Net income	$2,186,000	$2,020,000
Dividends received by Newmont	$2,186,000	$2,111,000

Carlin's net income rose in 1971 owing to the increased free market price of gold even though costs were somewhat higher due to operation of the new treatment plant for carbonaceous ore. The free gold price edged higher during the year, and the average price received by Carlin rose to $41.69 in 1971 from the average price received of $36.61 per ounce in the prior year. The action of the United States in December, 1971, in agreeing to increase the official price of gold to $38.00 per ounce has since pushed free market gold prices up to $50.00 per ounce.

The carbonaceous ore pretreatment plant at Carlin entered operation in January, 1971, and ran successfully through the year, treating 143,414 tons of ore that otherwise would not have responded economically to ordinary cyanidation. In the pretreatment plant, a process developed by Carlin and Newmont engineers is used to oxidize the carbon with chlorine before extracting the gold by cyanidation.

Reserves at the year-end were 3,526,000 tons assaying 0.297 ounces per ton as compared with 4,337,000 tons assaying 0.293 ounces per ton at the end of 1970.

Idarado Mining Company (80.1% owned)
Colorado

	1971	1970
Ore mined and milled, tons . .	391,300	349,200
Total sales	$8,655,000	$8,653,000
Net income	$ 380,000	$1,078,000
Dividends received by Newmont	None	$1,189,000

Lower metal prices, rising costs, and a continuing shortage of skilled labor combined to reduce sharply Idarado's net income for 1971. In addition, a strike at the smelters beginning July 1, 1971, prevented the shipment of most of Idarado's production until mid-September, thereby seriously reducing cash flow. No dividends were paid during the year. The tonnage of ore mined and milled increased, but not in an amount sufficient to offset the adverse factors mentioned.

In 1971 the mill treated 391,300 tons of ore averaging 0.045 ounces of gold and 1.71 ounces of silver per ton, 2.29 per cent lead, 0.75 per cent copper, and 3.75 per cent zinc. This compares with 349,200 tons milled in 1970 averaging 0.058 ounces of gold and 1.95 ounces of silver per ton, 2.26 per cent lead, 0.80 per cent copper, and 3.68 per cent zinc.

Ore reserves at the end of 1971 were 2,785,900 tons averaging 0.04 ounces of gold and 1.90 ounces of silver per ton, 3.42 per cent lead, 0.76 per cent copper and 4.91 per cent zinc as compared with 3,144,700 tons averaging 0.04 ounces of gold and 1.89 ounces of silver per ton, 3.22 per cent lead, 0.68 per cent copper, and 4.70 per cent zinc at the end of 1970.

During 1971, Idarado continued its use of a new sublevel stoping method in certain wide mineralized areas where multi-drill jumbos and rubber-tired loading and haulage equipment are used as a means of improving productivity. An improvement in mining efficiency was evident as the year ended, and an effort will be made to widen the usage of the new method. A formal training program was carried on during the year to compensate for the lack of skilled mine employees.

Dawn Mining Company (51% owned)
Washington

	1971	1970
Ore mined, tons (Midnite Mines)	46,900	198,700
Ore mined, tons (Kendrick Bay, Alaska)	55,900	None
Total ore mined, tons	102,800	198,700
Ore milled, tons	122,600	143,000
Total sales	$6,697,000	$4,615,000
Net income	$2,384,000	$1,789,000
Dividends received by Newmont	$ 510,000	$ 510,000

The uranium ore reserve of the Kendrick Bay mine in Alaska was mined out between June and October, 1971. The property was leased by Newmont Exploration Limited from Kendrick Bay Mining Company and assigned to Dawn. Some 55,900 dry tons of high grade ore containing 687,000 pounds of U_3O_8 was delivered to Dawn's stockpile. Kendrick Bay ore is being blended with the Midnite mine ore for processing, thereby improving the grade of the mill feed. Ore milled in

1971 averaged 0.361 per cent U_3O_8 as compared with an average grade of 0.281 per cent in 1970. The higher grade of ore fed to the mill and an improved recovery resulted in increased output of U_3O_8 despite the decline in tonnage milled in 1971. The customer requirements were met during the year.

To finance the Kendrick Bay program, $2,300,000 was borrowed by Dawn during the year.

Dawn's ore reserves and stockpile at the end of 1971 totaled 412,700 tons averaging 0.298 per cent U_3O_8 as compared with 542,670 tons averaging 0.252 per cent U_3O_8 at the end of 1970.

In 1971, 87,600 tons of ore were deleted from previous mine ore reserve estimates as being uneconomic owing to low grade and high stripping ratio. This was partially offset by ore disclosed by additional drilling.

Newmont Oil Company (100% owned)

Selected areas in North America and abroad

	1971	1970
Oil sales, net barrels daily	5,793	5,380
Gas sales, net MCF daily	34,002	32,274
Oil and gas sales	$10,319,000	$8,834,000
Net income	$ 2,009,000	$1,501,000
Dividends received by Newmont	$ 1,700,000	$1,400,000

Newmont Oil Company's oil and gas sales and net income were higher in 1971 than in 1970. Approximately 28 per cent of the sales income was derived from natural gas and from liquids obtained by processing such gas.

In 1971, the Company spent a total of $2,300,000 for exploration, acquisition and development of new properties, including foreign ventures. However, no exploratory work was conducted on the Company's principal lease blocks on the North Slope of Alaska. Oil industry activity was nearly at a standstill in this area in 1971 owing to the continuing delay in construction of a pipeline to transport oil from the Prudhoe Bay area to market.

The program of oil and gas exploration in Western Alberta, Canada, begun in 1970, was carried on through 1971 at a cost to Newmont of $470,000, and four dry holes were drilled. Another test completed early in 1972 proved to be a producer but reserves are limited. A decreased level of activity in this program is budgeted for 1972.

In the offshore Louisiana areas, where Newmont Oil has a one-eighth interest in certain producing leases, development drilling resulted in completion of three oil wells, two dual oil and gas wells, and one dry hole. In the offshore Louisiana lease acquired in December, 1970, in which the Company has an 8.3 per cent interest, three test wells were drilled, two of which proved gas-productive. In another Louisiana offshore joint venture in which the Company held a 12.8 per cent interest, a dual oil and gas well was completed.

In onshore exploration in the United States, fourteen partially-owned wells were drilled, of which two proved to be productive.

A wholly-owned subsidiary, Newmont Oil Company International, was formed in 1971 to handle the Company's overseas exploration program. It is participating in exploration of a 20,000 square mile Tertiary basin in the territory of New Guinea (Australia). This company has also taken over the interest of Newmont Proprietary Limited in Bonaparte Gulf off the northwestern coast of Australia, where a second exploratory well is planned in 1972.

Resurrection mine, headframe and 700-ton-per-day mill near Leadville, Colorado, where production of lead and zinc concentrates approached capacity at end of 1971.

Resurrection Mining Company (100% owned)
Colorado

Construction and preproduction mine development were completed during 1971 at the Resurrection mine near Leadville, Colorado, a joint venture owned equally by Resurrection Mining Company and American Smelting and Refining Company, and managed by the latter company. The 700-ton per day concentrator entered production in April, 1971, but had not reached full operating capacity by the end of the year.

Ore reserves as of January 1, 1972, were estimated at 2,717,543 tons averaging 5.16 per cent lead, 9.94 per cent zinc, and 2.58 ounces of silver and 0.09 ounces of gold per ton. As of January 1, 1971, reserves were estimated at 2,401,000 tons averaging 5.13 per cent lead, 9.95 per cent zinc, 2.64 ounces of silver and 0.084 ounces of gold per ton. The total cost of the venture through December 31, 1971, of which Resurrection paid half, has been $14,700,000, including mill construction, shaft sinking, development work and working capital. A loss of $814,000 was incurred by the joint operation for the year, but by the year-end, when a higher production rate was attained, small operating profits were being made.

Granduc Operating Company (100% owned)
British Columbia, Canada

	1971
Ore milled, tons	1,499,000
Grade of ore, per cent copper	1.31
Copper produced in concentrates, tons	18,800
Granduc Operating Company's share:	
Sales	$11,183,000
Net income (loss)	($4,621,000)

The Granduc copper mine and mill in British Columbia, managed by Granduc Operating Company, and leased from Granduc Mines Limited in equal shares by Granduc Operat-

ing Company and American Smelting and Refining Company, began operations late in 1970. Results have been disappointing, and, except for one month, losses have been suffered throughout the year.

The principal problem has been an extremely high turnover of miners and other skilled employees amounting to over 30 per cent a month for most of the year, which had an adverse effect on efficiency of operations and rate of production and development. Also, excessive dilution was experienced in the initial sublevel caving of the ore, and consequently the anticipated grade of ore to the mill was not maintained. Both of these situations began to improve, however, near the end of the year. Several mining methods, including block caving, will be tried in appropriate areas of the mine in the effort to reduce dilution and costs. The wreck of an ore train in the tunnel at the Tide Lake mill in September, 1971, apparently because of human error, caused one fatality and the complete loss of a locomotive and five ore cars. The ore cars began to be replaced successively in January, 1972, but the locomotive replacement is not expected until mid-1972. There have also been repeated interruptions of production owing to damage to the underground ore conveyor belts.

As a result, the production rate at Granduc in 1971 was below the planned level of 7,000 tons of ore daily. Ore reserves at the end of 1971 were estimated at 40,330,000 tons averaging 1.68 per cent copper. Efforts have been intensified to lower costs, raise production and improve the grade of ore mined. Capital costs during the year were $2,195,000.

A total of 39,600 tons of concentrates was shipped to Japan for the account of Granduc Operating Company during the year. Granduc Operating Company's net loss for 1971 was $4,621,000, including charges for depreciation, depletion, and other non-cash items amounting to $2,430,000. This loss is included in Newmont's Consolidated Statement of Income.

Similkameen Mining Company Limited (100% owned)
British Columbia, Canada

Plant construction and mine preparation at the Similkameen copper project near Princeton, British Columbia, continued during 1971 with satisfactory progress and with costs held within budget. Total capital costs of acquisition, exploration, open pit mine development and construction of a 15,000-ton per day mill are estimated at $73,000,000, of which $33,000,000 was spent in 1971, and $9,000,000 remains to be expended in 1972. Initial production is expected during the second quarter of 1972.

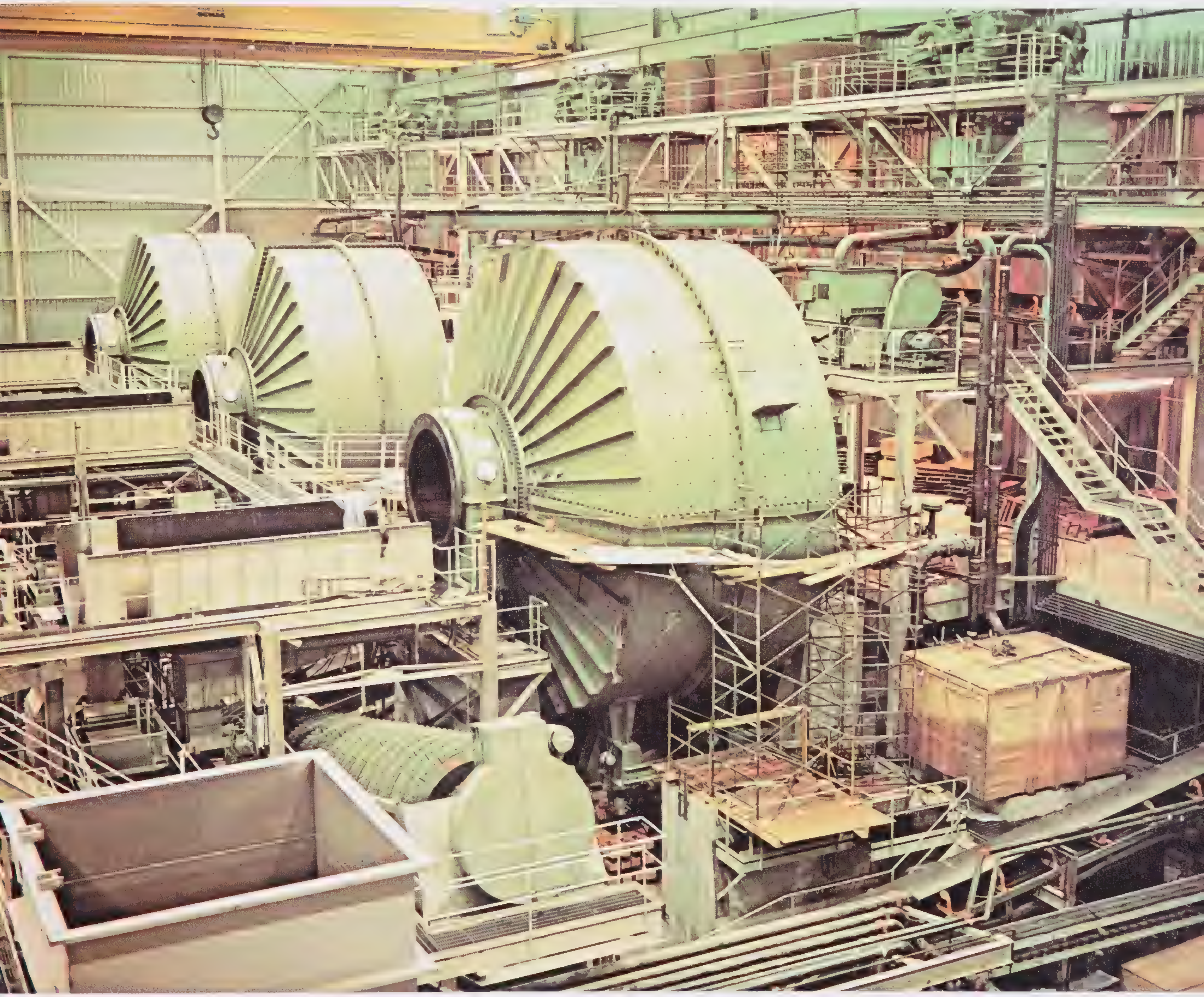
Ore will be supplied to the mill from two open pit mines. For the first eight years ore will come from the new Ingerbelle mine and for about another seven years from the Similkameen orebodies across the Similkameen River from the Ingerbelle mine. All mine equipment and service facilities are now in full operation stripping the Ingerbelle orebody for production. About 16.5 million tons of overburden was removed from the Ingerbelle pit area during the year.

The crusher and concentrator buildings are completed, and most of the machinery and electrical equipment has been installed. The critical item at year-end was delivery of three ring gears, 38 feet in diameter, required for driving the three large autogenous grinding mills. The first of these gears was delivered from England in February, 1972.

Similkameen employees live in Princeton, where an attractive new subdivision, financed by the Company, has been developed. Forty housing units were completed and sold to employees in 1971, and provision has been made for an additional 35 units if required.

The entire project has been planned and carried out with maximum consideration for the environment. Buildings are colored to blend with the landscape, disturbed areas will be replanted, and a "green belt" of trees will be placed along the nearby highway, four miles of which were relocated at Company expense to take the highway away from the pit area. An experimental plot on a mine waste site has been seeded to determine the best species of trees and grass for future reclamation of such sites.

Similkameen Mining Company's autogenous grinding mills, 32 feet in diameter, will run in closed circuit with cone crushers, an industry first, enabling improved sizing of ore pebbles that will be used in the grinding mills instead of steel balls.



Palabora Mining Company Limited mined 47,000,000 tons of ore and waste in 1971 from this pit in northeastern South Africa. Note drill finishing five-row set of blast holes on bench in foreground.

Investments in Other Companies

Palabora Mining Company Limited
(28.6% owned, mostly through Palabora Holdings Limited)
Republic of South Africa

	1971	1970
Ore and waste mined, short tons	47,185,000	45,438,000
Ore milled, short tons	21,040,000	20,886,000
Grade of ore mined, per cent copper	0.57	0.54
Copper produced, short tons	108,000	101,300
Sales, short tons		
Copper	105,300	100,600
Vermiculite	140,800	140,300
Sulfuric acid	75,500	88,500
Magnetite	992,800	1,095,800
Total sales	$112,202,000	$136,080,000
Net income	$ 32,357,000	$ 46,941,000
Dividends received by Newmont	$ 7,335,000	$ 10,150,000

At Palabora, production continued normally throughout the year at an average milling rate of 57,900 short tons of ore per day as compared with an average of 52,000 in 1970. The grade of ore mined was slightly higher owing to increase of the cutoff grade to 0.25 per cent copper from 0.20 per cent.

Production of copper was higher in 1971 than in 1970, but lower metal prices realized in 1971 had an adverse effect on net income and dividends even though a greater tonnage of copper was sold.

An installation of test facilities for scrubbing sulfur dioxide from smelter gases with tailings was operated during the year and yielded promising results. A new heavy-metals recovery plant entered production in August, 1971, and the first shipment of uranium oxide from it should be ready by mid-1972.

Southern Peru Copper Corporation (10.25% owned)
Peru

	1971	1970
Ore and waste mined, short tons	57,596,000	68,355,000
Ore treated, short tons	13,741,000	15,318,000
Grade of ore, per cent copper	1.21	1.14
Blister copper produced, short tons	135,627	142,894
Net income	$26,214,189	$37,432,000
Dividends received by Newmont	$ 3,047,000	$ 3,609,000

Numerous work stoppages due to strikes during the year were mainly responsible for the reduced ore tonnage mined and milled during 1971 by Southern Peru Copper Corporation. Costs were well controlled under the circumstances, but lower copper prices realized during the year affected financial results adversely.

The Peruvian government decreed at mid-year a new Mining Code, which contains a provision granting workers of mining companies in Peru a cash and equity participation in these companies' profits before taxes. However, by the end of the year, the corresponding regulations had not been issued.

In June, 1971, the Peruvian government accepted the Company's plans for continuing work on the Cuajone project. Pursuant to the approved investment plan, the Company agreed to commit to it an additional $48,000,000 through December 31, 1972. Negotiations still continue for the additional financing required to complete the project.

Sherritt Gordon Mines Limited (39.4% owned)
Manitoba and Alberta, Canada

	1971	1970
Nickel produced at refinery, pounds	33,111,000	35,918,000
Copper produced in concentrates, short tons	30,267	15,408
Fertilizer produced, short tons	327,000	280,000
Total sales (Canadian funds)	$73,854,000	$90,889,000
Net income (Canadian funds)	$ 7,497,000	$15,843,000
Dividends received by Newmont (U. S. funds)	$ 2,810,000	$ 2,549,000

Sherritt Gordon's net income in 1971 declined from the record level of 1970 owing to a combination of lower prices of nickel and copper, a reduced level of nickel sales, and rising operating costs. In addition, there was an extraordinary charge against earnings of $1,270,000 arising from reevaluation of Lynn Lake ore reserves.

At Lynn Lake, Manitoba, a declining grade of ore, coupled with low metal prices, caused the property to operate near, and sometimes below, the break-even point during the year. Remaining ore reserves at Lynn Lake have been reevaluated to reflect the need for a higher cutoff value and, as a consequence, have been reduced from 12,600,000 tons in 1970 to 10,000,000 tons at year end, averaging 0.83 per cent nickel and 0.39 per cent copper.

The principal source of income for Sherritt during 1971 was the Fox mine, near Lynn Lake, where operations continued normally during the year. A total of 1,022,000 tons was milled at an average grade of 2.86 per cent copper and 1.54 per cent zinc. Reserves at the Fox mine were estimated at the year-end to be 14,500,000 tons of ore averaging 1.99 per cent copper and 2.35 per cent zinc before dilution.

At Ruttan Mine, 70 miles southeast of Lynn Lake, Sherritt has authorized mine development and mill construction for this copper-zinc project at an estimated cost of about $60,000,000. Construction has begun, and the initial open pit mine is expected to be in production at a rate of 10,000 tons of ore per day by mid-1973. Ore reserves at the Ruttan mine to a depth of 2,000 feet are estimated at 51,000,000 tons averaging 1.47 per cent copper and 1.61 per cent zinc.

Financing of the Ruttan mine project involved a loan of $15,000,000 from Mitsubishi Metal Corporation and a loan of $27,000,000 from The Canadian Imperial Bank of Commerce. An additional $16,500,000 was obtained by an offer of rights to shareholders (other than U. S. residents) and from a purchase of 558,305 shares by Newmont at $12 per share under a special contract.

At the Sherritt refinery in Fort Saskatchewan, Alberta, operations were normal throughout the year, and the plant experienced an improvement in demand for its fertilizers during the year. Sherritt has undertaken to do a pilot plant run to demonstrate the application of the Sherritt nickel laterite process to the lateritic nickel ores being developed in Irian Barat, Indonesia, by P. T. Pacific Nikkel Indonesia, a company in which Sherritt has a 10 per cent interest and Newmont has a 15 per cent interest. (See p. 22.) A shipment of 12,000 tons of ore from Indonesia was received at Fort Saskatchewan for metallurgical testing, which began in February, 1972.

Steel goes up at Sherritt Gordon's 10,000-ton mill at Ruttan Mine in Manitoba, Canada, where production of copper and zinc concentrates is expected about mid-1973.

Foote Mineral Company (32.8% owned)
(If Foote's Preferred Stock were converted, ownership would be 20.0%.)
Pennsylvania, West Virginia, Ohio, Iowa, Nevada, Tennessee, North Carolina, Virginia and Washington

	1971	1970
Net sales	$92,772,000	$100,256,000
Net income	$ 1,778,000	$ 3,841,000
Net income per common share, after preferred stock dividends	—	0.48
Dividends received by Newmont	None	None

Foote Mineral's income suffered during 1971 because of the depressed level of production of the steel industry, the increased penetration of domestic markets by imported alloy materials, and the two-week strike in October, 1971, that closed three of the Company's alloy plants. As a result, net income declined, and the fourth quarter preferred stock dividend was not paid.

The Company has instituted a drastic cost reduction program throughout its operations, including closure of certain uneconomic facilities and streamlining and modernizing others to increase efficiency. The Company's profitability, however, will depend on the levels of operations in the steel industry. The Company is also installing antipollution equipment at certain of its metallurgical plants.

As a result of Congressional action that became effective on January 1, 1972, Foote has a legal right to resume importation of chrome ore from its Rhodesian properties. The first such shipment has been made.

Atlantic Cement Company, Inc. (50% owned)
New York and Eastern Seaboard

	1971	1970
Total sales	$37,749,000	$30,500,000
Net income	$ 7,541,000*	$ 1,105,000
Dividends received by Newmont	$ 2,000,000	None

*Includes extraordinary items explained below.

Production, sales, net income, and working capital of Atlantic Cement were all at record high levels for 1971. Making full use of Atlantic's basic sales concept, cement was selectively marketed at improved prices during the year to yield the most profitable return.

Net income for 1971 of $7,541,000 includes two nonrecurring gains of about $2,022,000 total: one, a casualty insurance gain from the loss of a barge in March, 1971, and the other, the sale of a cement distribution terminal at Port Everglades, Florida. Also, net income for 1971 did not reflect approximately $2,648,000 in Federal income tax provisions on operating income that would have been applicable had there not been available carry forward tax losses.

Costs held at about the levels of 1970, owing in part to higher production rates, but also to more effective cost controls and certain cost reduction measures. Conversion of the Ravena plant's firing system from coal to oil, together with provision of dock facilities for receiving ocean-going tanker loads, resulted in significant cost reductions. The fuel oil installation accounted for a large part of Atlantic's 1971 capital expenditures of approximately $3,000,000.

The glass bag dust collector on the clinker cooler, installed in 1970 at a cost of $1,650,000, has greatly reduced dust emissions in that critical area. Provision of a new storage area for waste kiln dust, the paving of haulage roads, and elimination of coal storage piles have markedly reduced fugitive dust.

A new two-year labor contract, effective May 1, 1971, involved increased labor costs of 10.1 per cent on the effective date and 7.7 per cent on May 1, 1972.

Atlantic Cement's operations, from plant in background to loading dock and barge at Hudson River in foreground. Sales and earnings both improved in 1971. Note that stack plume of condensation in cold winter air quickly disappears. Atlantic employs most modern dust control equipment available.

Exploration, Research and Engineering

Newmont and its subsidiaries spent $11,600,000 in 1971 on exploration, research, engineering and drilling activities as compared with $11,185,000 in 1970. Work was carried on in 1971 in Alaska, Arizona, California, Colorado, Montana, Nevada, Utah, and Wyoming, as well as in Canada, Australia, South Africa, Lesotho, Indonesia, and the Philippines.

In Arizona, engineering feasibility studies continued during the year on the Vekol Hills copper project on the Papago Indian reservation. The implementation of this project is in abeyance because of the uncertain availability of smelting facilities for its copper concentrate, which arises from the unsettled situation on air quality standards in Arizona. Ore reserves at Vekol Hills are now estimated to be 103,000,000 tons averaging 0.56 per cent copper.

The underground exploration program begun in 1969 at the Camp Bird mine, adjacent to Idarado Mining Company's properties in southwest Colorado, continued through 1971 but without significant results. The program will continue.

Newmont Exploration Limited, jointly with Humble Oil Company, is drilling a copper prospect, called Copper Creek, across the San Pedro valley from San Manuel in Arizona. Extensions of known but deep-seated ore have been indicated.

Newmont has a 15 per cent interest in an Indonesian company, P. T. Pacific Nikkel Indonesia, which is completing an investigation and testing program on the nickel laterite deposits of Gag, Waigeo and other islands in Irian Barat. Newmont also has an indirect interest in the company through a 10 per cent interest held by Sherritt Gordon. Feasibility studies on the economic and technological potential of the properties are continuing. Total reserves in the areas explored are estimated at 309,000,000 dry metric tons averaging 1.43 per cent nickel, including 164,000,000 dry metric tons at 1.48 per cent nickel on the island of Gag, which will be the probable initial center of mine and plant operations.

In Australia, Newmont's wholly-owned subsidiary, Newmont Proprietary Limited, continued its exploration activities during the year in a search for base metal and uranium ores.

Newmont's wholly-owned subsidiaries, Newmont Mining Corporation of Canada Limited and Canmont Mining Properties Limited, as well as Newmont South Africa Limited and Newmont Overseas Exploration Limited, all carried on active exploration in their respective areas. Newmont Mining Corporation of Canada retains its 23.75 per cent interest in the small, high-grade mine of the Icon Sullivan Joint Venture in the Chibougamau district of Quebec. During 1971, this mine produced 342,317 tons of ore assaying 1.51 per cent copper. Newmont of Canada's share of the net profit was $310,714 (Canadian). Icon ore reserves as of January 1, 1972, were reported as 625,559 tons averaging 2.50 per cent copper.

In July, 1971, agreements were signed with the Government of Lesotho, a kingdom in Southern Africa, and its Lesotho National Development Corporation (LNDC) providing for the prospecting of a large diamond-bearing kimberlite pipe which has been worked on a small scale by tributers for several years. Newmont initially had a 50 per cent share of the venture, but in February, 1972, acquired complete ownership of the project. LNDC has a right to acquire at cost a 30 per cent participation if the venture results in a producing mine. A washing plant has been set up near the exploration site for treating large samples taken from the pipe, and testing commenced shortly after the beginning of the year 1972.

At Danbury, Connecticut, Newmont Exploration Limited's Geophysical and Metallurgical Research Center continued to provide interpretive, analytical, development and testing services for all of Newmont Mining Corporation's operating and exploration subsidiaries and affiliates. The Metallurgical Department's major project was metallurgical and cost evaluation of various alternative smelting and stack sulfur dioxide gas emission control methods. These problems occupied about half the Department's time during 1971. The other major items of investigation were the start of a long-range study of recovery of rhenium from molybdenum concentrates and the continuation of research on the chlorine oxidation of carbonaceus gold ores from Carlin.

The Geophysical Department staff at Danbury devoted itself during 1971 to support of the exploration activities of Newmont affiliates in Canada, Australia, South West Africa, South Africa and Lesotho. A part of this effort was the continuation of two years of airborne magnetic interpretive work that extends the area of potential ore occurrences at O'okiep.

Newmont Exploration Limited's Don Hammer maps part of Copper Creek area south of San Manuel in Arizona, a part of Newmont's world-wide exploration activities.

Consolidated Balance Sheet

December 31, 1971 and 1970

Assets	1971	1970
Current Assets:		
Cash	$ 25,216,000	$ 16,768,000
Short-term investments, at cost which approximates market	3,435,000	14,795,000
Accounts receivable	20,140,000	18,367,000
Inventories:		
Ores and metals	35,415,000	26,645,000
Materials and supplies	20,380,000	16,341,000
Other	6,815,000	1,236,000
Total current assets	111,401,000	94,152,000
Investments (schedule, page 27)	146,659,000	140,642,000
Property, Plant and Mine Development:		
Land and mining claims, at cost	72,448,000	72,379,000
Buildings and equipment, at cost	403,081,000	320,544,000
	475,529,000	392,923,000
Less: Accumulated depletion and depreciation	138,233,000	133,876,000
	337,296,000	259,047,000
Mine development costs, net of amortization	141,931,000	115,238,000
Net property, plant and mine development	479,227,000	374,285,000
Other Assets	7,279,000	3,702,000
	$744,566,000	$612,781,000

Liabilities and Stockholders' Equity

	1971	1970
Current Liabilities:		
Current installments of long-term debt	$ 8,737,000	$ 2,563,000
Accounts payable	12,523,000	17,050,000
Accrued expenses	7,789,000	3,287,000
Accrued income taxes	3,063,000	5,840,000
Total current liabilities	32,112,000	28,740,000
Deferred Income Taxes	52,472,000	45,324,000
Long-Term Debt, less current installments	201,589,000	108,402,000
Minority Interest in Subsidiaries	14,279,000	13,949,000
Stockholders' Equity:		
Preferred Stock, par value $5.00; authorized 5,000,000 shares; issuable in series; Series A, $4.50 Cumulative Convertible (liquidating value $100 per share, total $70,861,700); outstanding 1971, 708,617 shares; 1970, 717,044 shares	3,543,000	3,585,000
Common Stock, par value $1.60; authorized 60,000,000 shares; outstanding 1971, 24,110,005 shares; 1970, 24,002,930 shares	38,576,000	38,405,000
Capital in excess of par value	99,371,000	98,054,000
Retained earnings	302,624,000	276,322,000
Total stockholders' equity	444,114,000	416,366,000
	$744,566,000	$612,781,000

Certain 1970 accounts have been reclassified to conform with 1971 presentation.

The accompanying notes to financial statements are an integral part of this statement.

Statement of Consolidated Income

For the Years Ended December 31, 1971 and 1970

	1971	1970
Gross Income:		
Metal sales and other operating revenue	$197,460,000	$214,753,000
Dividends, interest and other income	30,027,000	37,347,000
Net gain on sales of securities (on an identified cost basis)	13,037,000	6,290,000
	240,524,000	258,390,000
Costs and Expenses:		
Operating costs and expenses exclusive of items shown separately	135,244,000	108,971,000
Depreciation, depletion and amortization	22,544,000	19,940,000
Exploration and research	7,064,000	8,244,000
Interest expense	4,579,000	2,493,000
Provision for United States and foreign income taxes (deferred $7,148,000 in 1971; $9,252,000 in 1970)	13,019,000	35,857,000
Minority interest in net income of subsidiaries	3,554,000	7,646,000
	186,004,000	183,151,000
Net Income	$ 54,520,000	$ 75,239,000
Net income per share (based on the average number of shares of common stock outstanding):		
After preferred stock dividend requirements	$ 2.14	$ 3.00
After assuming full conversion of convertible preferred stock	$ 2.08	$ 2.86

Statement of Consolidated Retained Earnings

	1971	1970
Balance at beginning of year	$276,322,000	$229,270,000
Net income for the year	54,520,000	75,239,000
Less, cash dividends paid:		
Preferred Stock, Series A, $4.50 Cumulative Convertible	3,202,000	3,234,000
Common Stock ($1.04 per share)	25,016,000	24,953,000
Balance at end of year	$302,624,000	$276,322,000

The accompanying notes to financial statements are an integral part of these statements.

Statement of Consolidated Changes in Financial Position

For the Years Ended December 31, 1971 and 1970

	1971	1970
Source of Funds:		
Net income	$ 54,520,000	$ 75,239,000
Add (deduct):		
Income and expense items not affecting working capital:		
Depreciation, depletion and amortization	22,544,000	19,940,000
Deferred income taxes	7,148,000	9,252,000
Minority interest in net income of subsidiaries	3,554,000	7,646,000
Equity in undistributed earnings of 50% owned company	(1,770,000)	(552,000)
Working capital provided from operations	85,996,000	111,525,000
Long-term borrowings, less current portion of $3,760,000 in 1971, $1,051,000 in 1970	98,178,000	63,203,000
Other, including cost of securities sold and proceeds from issuance of common stock for stock options exercised	9,145,000	5,194,000
	$193,319,000	$179,922,000
Application of Funds:		
Property, plant and equipment	$ 91,919,000	$ 97,444,000
Deferred mine development costs	37,137,000	37,831,000
Cash dividends paid	28,218,000	28,187,000
Reduction of long-term debt	4,991,000	1,976,000
Other investments	13,953,000	15,551,000
Cash dividends paid to minority stockholders in subsidiaries	3,224,000	7,525,000
Increase (decrease) in working capital	13,877,000	(8,592,000)
	$193,319,000	$179,922,000

Analysis of Increase (Decrease) in Working Capital

	1971	1970
Cash and short-term investments	$ (2,912,000)	$(10,137,000)
Accounts receivable	1,773,000	(4,947,000)
Inventories	12,809,000	11,954,000
Other current assets	5,579,000	631,000
Current installments of long-term debt	(6,174,000)	(1,051,000)
Accounts payable and accrued expenses	25,000	(6,660,000)
Accrued income taxes	2,777,000	1,618,000
Increase (decrease) in working capital	$ 13,877,000	$ (8,592,000)

The accompanying notes to financial statements are an integral part of this statement.

Investments

December 31, 1971

Companies with Quoted Market Values	Shares of Common Stock	Percentage Owned	Cost	Quoted Market Values	1971 Dividend Income
Canadian Export Gas and Oil Limited	1,533,232	18.8	$ 3,145,000	$ 4,983,000	$ —
Cassiar Asbestos Corp., Limited (1)	728,610	13.3	5,974,000	14,908,000	576,000
Continental Oil Company	2,159,724	4.3	14,333,000	62,362,000	3,246,000
Foote Mineral Company (2)	648,337	32.8	17,252,000	7,942,000	—
Highveld Steel and Vanadium Corp., Ltd.	6,700,000	11.9	9,726,000	8,987,000	—
Palabora Holdings Limited (3)	1,837,708	42.3	3,161,000	73,464,000	6,632,000
Palabora Mining Company Limited	753,082	2.7	1,056,000	7,526,000	703,000
St. Joe Minerals Corporation	685,546	8.1	8,255,000	15,853,000	1,124,000
Sherritt Gordon Mines Limited (1)	5,052,651	39.7	20,735,000	71,874,000	2,826,000
Transcontinental Gas Pipe Line Corp.	363,205	1.6	793,000	6,356,000	407,000
Other companies	—	—	11,651,000	16,794,000	305,000
			96,081,000	291,049,000	15,819,000

Companies without Quoted Market Values					
Southern Peru Copper Corporation	80,196	10.3	3,562,000	—	3,047,000
Tsumeb Corporation Limited (1)	1,547,250	38.7	909,000	—	5,420,000
Other companies	—	—	8,198,000	—	—
			12,669,000	—	8,467,000
					$24,286,000

			Equity in Underlying Net Assets		Equity in Net Income
Atlantic Cement Company, Inc.	75,000	50.0	37,909,000	—	$ 3,770,000(4)
			$146,659,000	$291,049,000	

(1) Includes the interest owned by consolidated subsidiaries which is offset in the "minority interest" items appearing in the balance sheet and income statement to the extent of the interest owned by others.
(2) Assuming conversion of Foote's convertible preferred stock, Newmont's percentage ownership would be 20.0%.
(3) Market value based on interest in Palabora Mining Company Limited.
(4) Includes extraordinary credits of $2,335,000.

Notes to Financial Statements

Note A—Summary of Accounting Policies

1—Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its domestic and foreign subsidiaries in which Newmont's ownership is more than 50%.

Newmont's investment in Atlantic Cement Company, Inc., a 50% owned company, is carried on the equity basis of accounting. Commencing in 1972, Newmont, in accordance with the provisions of Accounting Principles Board Opinion No. 18 will report on the equity basis of accounting for all investments in companies in which Newmont's ownership is between 20% and 50%. This change in accounting will apply to investments in the following companies: Foote Mineral Company, Palabora Holdings Limited, Sherritt Gordon Mines Limited and Tsumeb Corporation Limited. Newmont's 1971 net income would not have been materially affected had the Corporation elected in 1971 to report its equity in the net income of the above companies rather than as dividends are received.

2—Translation of Foreign Currencies

Foreign currency amounts included in the consolidated financial statements have been translated into U. S. dollar equivalents at appropriate rates of exchange. Current assets, excluding inventories, current liabilities and long-term debt, have been translated at current rates. All other assets and liabilities have been translated at historical rates. The change in exchange rates for those companies included in Newmont's consolidated financial statements did not materially affect the Corporation's 1971 net income. Approximately 17% of net current assets and 5% of total assets at December 31, 1971 were applicable to companies operating outside the United States and Canada. Approximately 22% and 32% of Newmont's consolidated net income for the years 1971 and 1970 was attributable to such companies.

3—Depreciation and Amortization Methods

The Corporation's policy is to depreciate and amortize property, plant and equipment over their estimated economic lives, principally on the straight line and unit-of-production methods.

Prospecting, general exploration expenditures, and mine development costs which maintain current production, are charged to operations as incurred.

Mine development costs which are incurred either to expand the capacity of operating mines or to develop new ore bodies are capitalized and charged to operations using the unit-of-production method.

4—Inventories

Inventories of ores and metals are stated principally at the lower of cost (first in, first out) or market.

Inventories of materials and supplies are stated at the lower of average cost or market.

5—Federal and Foreign Income Taxes

The provision for deferred income taxes results principally from the deferral of mine development costs for financial reporting purposes which are deducted currently for income tax purposes.

The Corporation recorded the investment tax credit available under the Revenue Act of 1962 on the "flow through" method, consistent with its method in prior years. In 1971, the investment tax credit amounted to approximately $4,200,000, the equivalent of $0.17 per share of Common Stock.

Note B—Long-Term Debt

Long-term debt consisted of the following at December 31, 1971:

Newmont:	
6% notes payable to 1981	$ 15,000,000
Notes payable at prime bank rate to July, 1973 thereafter ¼ of 1% above prime, payable 1974 to 1978	71,500,000
Other	2,729,000
Total	89,229,000
Subsidiaries (not guaranteed by Newmont):	
Magma Copper Company	
Notes payable, prime rate to July, 1972, convertible to term loan thereafter at ¼ of 1% above prime, payable 1973 to 1975	30,000,000
5½% notes payable 1972 to 1978	21,000,000
Notes payable ¼ of 1% above prime 1973 to 1975	15,000,000
Notes payable ¼ of 1% above prime, payable 1973 to 1977	14,412,000
	80,412,000
Similkameen Mining Company Limited	
6% note payable 1978 to 1982	5,998,000
Notes payable, ½ of 1% above prime for Canadian Banks, payable 1973 to 1980	28,817,000
	34,815,000
Other	5,870,000
Total	210,326,000
Less: current installments	8,737,000
	$201,589,000

Maturities for the long-term debt are as follows:

1973	$ 26,660,000
1974	31,787,000
1975	44,267,000
1976	33,519,000
1977-1982	65,356,000
	$201,589,000

Note C—Capital Stock

Each share of the Series A $4.50 Cumulative Convertible Preferred Stock is convertible into $3\frac{1}{8}$ shares of Common Stock, and is callable for redemption in whole or in part at any time on or after January 1, 1974, on at least 30 days' notice at a price commencing with $104.50 a share on January 1, 1974, and declining annually thereafter by $0.50 to $100 a share on and after January 1, 1983. During 1971, 8,427 shares of the Preferred Stock were converted into 26,328 shares of Common Stock. At December 31, 1971, approximately 2,215,000 shares of Common Stock were reserved for conversions of Preferred Stock.

Pursuant to the Corporation's Stock Option Plan adopted in 1966, options to purchase shares of Common Stock were granted to key employees at exercise prices not less than the fair market value of such shares on the dates of grant. Each option is exercisable over a five-year period subject to certain restrictions. A summary of shares under option for 1971 is shown below:

Shares under option, at beginning of year	180,941
Shares for which options were exercised in 1971, average price $17.92 per share	(80,747)
Shares for which options expired in 1971	(5,494)
Shares under option at end of year, average price $26.32 per share	94,700

At December 31, 1971, 16,347 shares remained available for future grants of options under the Plan.

The 1971 increase of $1,317,000 in capital in excess of par value was attributable to the exercise of stock options. Common Stock outstanding at December 31, 1971 and 1970 has been reduced by 340,043 shares of treasury stock recorded at par value.

Note D—Pension and Retirement Plans

Retirement benefits are provided to employees pursuant to several funded, non-contributory pension and retirement plans, and one contributory pension and retirement plan. The Corporation's policy is to provide annually for current service costs and to amortize prior service costs from 10 to 30 years depending on the particular plan, and to fund such costs as accrued. Total pension and retirement plan costs for 1971 were $2,846,000 ($2,496,000 in 1970). The actuarially computed values of vested benefits exceeded the assets of the pension funds at the latest valuation dates by approximately $6,400,000.

Note E—Commitments and Contingencies

The Corporation's wholly-owned subsidiary, Magma Copper Company, is committed, under present Arizona regulations, to a two stage pollution control program. The first stage is estimated by the Company to cost about $30,000,000 over the period 1972-73. No estimate of costs can be made at this time for the second stage of the program, which must be implemented if the regulations remain unchanged.

A smelter pollution action for an injunction and damages is pending against Magma Copper Company. In the opinion of management and outside counsel, the claims of the plaintiffs have no merit.

Auditors' Report

To the Board of Directors and Stockholders of Newmont Mining Corporation:

We have examined the consolidated balance sheet of Newmont Mining Corporation (a Delaware corporation) and subsidiaries as of December 31, 1971 and 1970, the related statements of consolidated income, retained earnings and changes in financial position for the years then ended and the schedule of investments as of December 31, 1971. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of O'okiep Copper Company Limited and Atlantic Cement Company, Inc., which represent 9% and 11% of consolidated assets in 1971 and 1970, respectively, and 13% and 12% of consolidated net income in 1971 and 1970, were examined by other auditors. The reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for these companies, is based solely upon the reports of the other auditors.

In our opinion, based upon our examination and the reports of other auditors, the accompanying financial statements present fairly the financial position of Newmont Mining Corporation and subsidiaries as of December 31, 1971 and 1970, and the results of their operations and the changes in financial position for the years then ended, and the schedule of investments presents fairly the information set forth therein, all in conformity with generally accepted accounting principles consistently applied during the periods.

New York, N. Y.,
February 18, 1972.

ARTHUR ANDERSEN & CO.

Six Year Summary

(000's omitted)

	1971	1970	1969	1968	1967	1966
Gross Income						
Metal sales and other operating revenue	$197,460	$214,753	$196,989	$154,149	$145,813	$200,815
Dividends, interest and other income	30,027	37,347	33,610	32,508	26,069	25,624
Net gain on sales of securities (on an identified cost basis)	13,037	6,290	6,759	6,775	10,012	11,153
Total	240,524	258,390	237,358	193,432	181,894	237,592
Costs and Expenses						
Operating costs and expenses	135,244	108,971	105,839	87,077	82,456	98,739
Depreciation, depletion and amortization	22,544	19,940	17,376	15,339	13,646	16,378
Exploration and research	7,064	8,244	7,445	5,668	5,944	3,630
Interest expense	4,579	2,493	2,310	2,114	1,447	1,990
Income taxes (current and deferred)	13,019	35,857	32,834	25,008	24,770	37,023
Minority interest	3,554	7,646	7,482	7,883	6,818	12,083
Total	186,004	183,151	173,286	143,089	135,081	169,843
Net Income	54,520	75,239	64,072	50,343	46,813	67,749
Preferred stock dividends	3,202	3,234	3,259	3,362	3,500	4,043
Net Income applicable to common stock	$ 51,318	$ 72,005	$ 60,813	$ 46,981	$ 43,313	$ 63,706
Cash Dividends Paid on Common Stock	$ 25,016	$ 24,953	$ 24,920	$ 22,765	$ 20,667	$ 16,944
Average Shares of Common Stock Outstanding	24,030	23,989	23,954	23,680	23,407	22,385
Per Share of Common Stock						
Net income	$2.14	$3.00	$2.54	$1.98	$1.85	$2.85
Cash dividends	$1.04	$1.04	$1.04	$0.96	$0.88	$0.75
Stock dividends	—	—	2½ for 1 split	—	—	10%
Expenditures for Property, Plant and Mine Development	$129,056	$135,275	$ 56,966	$ 58,147	$ 29,379	$ 13,245
Stockholders' Equity	$444,114	$416,366	$369,153	$332,545	$301,045	$293,085

Management Personnel

Newmont Mining Corporation

STAFF:

L. A. Cassara, Marketing
D. J. Christie, Project Engineering
P. J. Crescenzo, Assistant Chief Engineer
J. R. Denny, Systems Engineer
M. E. Emerson, Minerals Economist
J. P. Fitz-Gibbon, Counsel
C. G. Freeman, Mining Engineer
J. C. Keenan, Senior Mining Engineer
D. M. Koogler, Assistant to Vice President of Operations
J. L. Leroy, International Counsel
R. H. Ramsey, Assistant to the President
E. H. Tucker, Chief Engineer
H. W. Volkman, Purchasing and Insurance

CONSULTANTS:

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W. K. Pincock, Mining Engineer
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Newmont Exploration Limited

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Dr. A. A. Brant, Director, Geophysical Department
R. D. Macdonald, Director, Metallurgical Department

Exploration
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H. J. Steele, Box M. San Manuel, Arizona 85631

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R. F. Sheldon, Vice President, Exploration
1230-355 Burrard Street, Vancouver 1, British Columbia
J. Drybrough, Director, 906-211 Portage Avenue, Winnipeg 2, Manitoba

Newmont Oil Company

Dr. R. S. Moehlman, President, 1135 Capital National Bank Building, Houston, Texas 77002
J. L. George, Jr., Vice President, Exploration
E. D. Whitis, Vice President, Production

Newmont Proprietary Limited

R. J. Searls, Managing Director, AMP Tower
535 Bourke Street, Melbourne, Australia 3000
B. Webb, Vice President, Exploration, Melbourne
Dr. J. Claveau, Chief Geologist, 14 Chancery Hill Road, Singapore

Newmont Services Limited

J. M. Petty, General Manager, Dawn, Idarado and Carlin, Idarado Mining Company, Ouray, Colorado 81427
E. M. Craig, Resident Manager, Dawn Mining Company
Box 25, Ford, Washington 99013
P. N. Loncar, Resident Manager, Idarado Mining Company, Ouray, Colorado 81427
J. D. McBeth, Resident Manager, Carlin Gold Mining Company, Box 672, Elko, Nevada 89801
N. Gritzuk, Vice President and Manager, Granduc Operating Company, 890 West Pender Street
Vancouver 1, British Columbia
K. C. Wilson, Resident Manager, Granduc Operating Company, Stewart, British Columbia
J. H. Parliament, Executive Vice President, Similkameen Mining Company Limited
890 West Pender Street, Vancouver 1, British Columbia

Newmont South Africa Limited

V. Vellet, Manager of Exploration,
99 Eloff Street, Johannesburg, South Africa
M. Crichton, Counsel, A. Livingstone & Co.
P.O. Box 3920, Johannesburg, South Africa

Magma Copper Company

W. P. Goss, Chairman
W. H. Burt, President and Chief Executive Officer, San Manuel, Arizona 85631
J. S. Wise, Vice President and General Manager, San Manuel Division, San Manuel
D. J. Buckwalter, Assistant General Manager, San Manuel
C. R. Sundeen, Manager, Superior Division, Superior, Arizona 85273

Maluti Holdings Limited

V. M. Reinecke, General Manager
117 Commissioner Street, Johannesburg, South Africa

O'okiep Copper Company Limited
Tsumeb Corporation Limited

D. O. Pearce, Managing Director, New York
J. L. Leroy, Secretary, New York
G. R. Parker, General Manager, O'okiep, Nababeep, Cape Province, Republic of South Africa
J. P. Ratledge, General Manager, Tsumeb
Tsumeb, South West Africa

Board of Directors

Plato Malozemoff, President and Chairman of the Board

Roy C. Bonebrake, Retired, formerly
Executive Vice President and General Counsel,
Newmont Mining Corporation

Gordon H. Chambers, Private Investor, Philadelphia, Pennsylvania

Frank Coolbaugh, Consultant, Denver, Colorado

Lewis W. Douglas, Honorary Chairman of the Board,
Southern Arizona Bank & Trust Co., Tucson, Arizona

Robert B. Fulton, Vice President

Wesley P. Goss, Chairman, Magma Copper Company
San Manuel, Arizona

Christian Hohenlohe, Attorney, Washington, D.C.

André Meyer, Senior Partner,
Lazard Frères & Co., New York

William B. Moses, Jr., Chairman,
Massachusetts Financial Services, Inc., Boston, Massachusetts

David O. Pearce, Vice President

Walter P. Schmid, Retired, formerly Treasurer,
Newmont Mining Corporation

Stuart F. Silloway, Vice Chairman, Investors Diversified
Services, Inc., Minneapolis, Minnesota

Jack E. Thompson, Executive Vice President

Officers

Plato Malozemoff, President and
Chairman of the Board

~~Jack E. Thompson, Executive Vice President~~

Robert B. Fulton, Vice President, Exploration

David O. Pearce, Vice President, Operations

Robert J. Searls, Vice President, Australia

Oscar F. Tangel, Vice President, Research and Development

Richard B. Leather, Secretary and General Counsel

Thomas G. Watkinson, Assistant Secretary

Edward P. Fontaine, Treasurer

Winthrop T. Parker III, Assistant Treasurer

Harry Van Benschoten, Controller and
Assistant Treasurer

Walter E. Baker, Assistant Controller

Robert F. Boyce, Assistant Controller, Taxes

Charles F. Tiller, Assistant Controller, Metallurgical Accounting

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